

State of South Dakota

SEVENTY-SEVENTH SESSION
LEGISLATIVE ASSEMBLY, 2002

463H0318

HOUSE BILL NO. 1141

Introduced by: Representatives Olson (Mel), Bartling, Duniphan, Flowers, Frysliie, Hennies (Thomas), Konold, Madsen, McCoy, Michels, Nesselhuf, Pederson (Gordon), Peterson (Bill), Pummel, and Smidt and Senators Olson (Ed), Albers, Bogue, Brosz, Dugaard, Diedtrich (Elmer), Hutmacher, Moore, Symens, and Vitter

1 FOR AN ACT ENTITLED, An Act to provide certain standards for utilization review for
2 property and casualty insurers.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. Terms used in this Act mean:

5 (1) "Utilization review," a review of health care services provided or to be provided to
6 an individual to assist in the determination of the nature of the injury or condition, the
7 appropriateness of the treatment provided or to be provided, or the cause of the injury
8 or condition;

9 (2) "Utilization review organization," any entity that provides utilization review services
10 as defined in this Act.

11 Section 2. A utilization review organization that conducts utilization reviews solely for
12 property and casualty insurers in this state pursuant to policies issued in this state is not subject
13 to chapter 58-17C except that any such utilization review organization shall register in the same
14 manner as prescribed for utilization review organizations pursuant to chapter 58-17C.



1 Section 3. Any property and casualty insurer seeking utilization review with respect to an
2 insurance contract issued in this state may only use a utilization review organization registered
3 pursuant to this Act.

4 Section 4. Any utilization review pursuant to this Act shall be conducted by a health care
5 professional certified or licensed in the same specialty as the provider whose treatment is being
6 reviewed or a health care professional who is qualified to render the treatment being reviewed.
7 Any utilization review evaluation shall use generally accepted standards for treatment of the
8 illness, injury, or condition reviewed. Any utilization review opinion shall be signed by the
9 professional who performed the review.

10 Section 5. No utilization review organization may base its fees or charges on any
11 recommendation for reduction in payment under an insurance contract or on a percentage of
12 claim savings.

13 Section 6. An insurer that denies, in whole or in part, a policyholder's claim after
14 consideration of a utilization review shall provide the policyholder with an opportunity to request
15 reconsideration and to submit additional information relating to the claim.

16 Section 7. Nothing in this Act is intended to create or abrogate any cause of action as a result
17 of a violation of the standards in this Act.